THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) No such recommendation has been received.

(b) Does not arise.

Reduction in Interest Rates on Credits

*131. DR. KARAN SINGH:
SHRI C.M. IBRAHIM:

Will the Minister of FINANCE be pleased to state:

(a) whether at the meeting of the Council of Trade and Industry held in New Delhi on September 7, 2001, the Government assured the industry to consider their unanimous demand for reduction in interest rates on credit and a realistic exchange rate to step up investments;

(b) if so, what decisions have since been taken in this regard; and

(c) in what manner it has affected the interest of common depositors with banks and financial institutions and the overall public savings scenario?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The deliberations of the Council of Trade and Industry and other such advisory bodies provide useful inputs to Government policy making. However, no specific assurance was given by the Government on the direction of interest rates or exchange rates at the September 7, 2001 meeting.

(b) With progressive deregulation of interest rates, banks now have considerable flexibility to decide their deposit and lending rate structures and manage their assets and liabilities with greater efficiency. On he lending side, banks are free to prescribe their own lending rates including the Prime Lending Rate (PLR). On the deposit side, banks have been given the freedom to offer a fixed rate or a floating rate.

Effective from April 19, 2001, commercial banks have also been

allowed to lend at sub-PLR rate for loans above Rs. 2 lakh. Movement in the PLRs and Domestic Term Deposit Rates of Scheduled Commercial Banks during April 2000 to October 2001 is given below:

Prime Lending Rates and Interest Rates on Deposits of Scheduled Commercial Banks (per cent per annum)

Category of Banks	Range of PLR		
	April 2000	April 2001	October 2001
Public Sector Banks	11.25—12.50	10.00—13.00	10.00—12.50
Private Sector Banks	10.25—16.00	10.25—15.50	10.50—15.50
Foreign Banks	9.75—17.50	9.00—17.50	8.80—17.50
	Range of Domestic Term Deposit Rates		
Public Sector Banks	5.00—11.00	4.00—10.00	4.25—9.25
Private Sector Banks	5.00—12.50	5.00—11.00	5.00—10.50
Foreign Banks	4.00—12.00	4.25—12.00	4.25—12.00

With regards to India's exchange rate policy, the focus is on managing volatility with no fixed rate target, while allowing the underlying demand and supply conditions to determine the exchange rate movements over a period in an orderly way. Despite several unexpected external and domestic developments, India's external situation has remained satisfactory. In the mid-Term Review of monetary and Credit Policy for the year 2001-2002, RBI have stated that they will continue to follow the same approach of watchfulness,

caution and flexibility in regard to the forex market. They will continue to monitor closely, as in the past, the developments in the financial markets at home and abroad, and carefully coordinate its market operations with appropriate monetary, regulatory and other measures as considered necessary from time to time.

(c) The changes in interest rates are not expected to affect the interest of common depositors since they are consistent with the decline in inflation that has been taking place.

Flying of IA flights by fatigued pilots

*132. PROF. A. LAKSHMISAGAR:
SHRI H. K. JAVARE GOWDA:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that the fatigued and strained pilots are being forced to fly the Indian Airlines flights thereby endangering the safety of passengers;

(b) if so, what are the reasons therefor; and

(c) what action has been taken by Government to check such practices?

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN): (a) No, Sir. International Civil Aviation Organisation (ICAO) requires that the State of the operator establish regulations specifying the limitations applicable to the flight time and flight duty periods for Flying Crew members. These regulations also make provision for adequate rest periods and shall be such as to ensure that fatigue occurring either in flight or successive flight or accumulated over a period of time due to this and other tasks, does not endanger flight safety. Accordingly, the Director General of Civil Aviation (DGCA) has laid down the Flight and Duty Time Limitations (FDTL) as also for rest periods, and these are binding on all Airlines/Operators in the country. The Pilots of Indian Airlines are governed by FDTL agreed through Memorandum of Settlements, which are in fact lower than the mandatory limitations prescribed by the DGCA.

(b) and (c) Do not arise.